

**SENATE TAX**Exhibit No. 5Date 3-10-2015Bill No. SB 374

Before the Senate Taxation Committee

March 10, 2015

Mr. Chairman and Members of the Committee,

I hope you will vote for Senate Bill 374. I live in Northeastern Montana and have watched the fast paced development of the Bakken expose the limits of Montana's approach to balancing the costs and benefits of oil development. The oil development in the Bakken has brought jobs and opportunities for business investment; however, it also has required substantially increased spending by local communities. School districts have increased student numbers and an increased need for special education services. Public safety requires significant funding for growing drug problems and domestic violence problems as well as regular policing including traffic stops and breaking up bar fights. The roads throughout the counties require greater upkeep because of increased heavy truck traffic. Many communities have concerns or problems because of the impact on septic and water systems. These are just some of the impacts on communities. Individuals also face staggering increases in rent, higher costs for goods, overwhelmed and understaffed hospitals.

In order to make sure that local citizens do not subsidize the oil companies operations by paying for the additional costs the companies bring to the communities, it is necessary to develop a tax system that recovers funds from the oil companies and distributes some money back to the impacted communities. Structuring Montana's production tax holiday to apply when oil prices are below \$52.59 will allow the state, especially impacted communities, to help allay the cost of some of the impacts brought by the oil development. The one amendment I would suggest to the bill is to increase the rate when the holiday applies from 0.5% to 4.5%. When oil prices are low, the community retains the same expenses.

Thank you for your time.

Anne Ostby

Dagmar, MT